

TCS Provisions On Sale Of Goods under Section 206C(1H) Of Income Tax Act, 1961

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TCS On Sale Of Goods

❑ SECTION 206C(1H)

- The Finance Act, 2020 has introduced the new section 206C(1H) of the Income Tax Act, 1961 for Tax Collected at Source on sale of goods.
- The said provisions are applicable from 01.10.2020
- Tax Collected at Source (TCS) are provisions under the Income Tax Act for collecting tax at source on certain transactions.

TCS Applicable to Whom

❑ SECTION 206C(1H)

- Applicable to all the sellers selling goods.
- Definition of Seller

Seller means a person whose total sales, turnover or gross receipts from the business carried on by him exceeds Rs.10 crores during the financial year immediately preceding financial year

TCS Applicability

- All the sellers having sales/turnover/gross receipts from business exceeding Rs.10 crore in the financial year 2019-20 will be required to collect TCS in the FY 2020-21.
- If any person has turnover below Rs.10 crore in the financial year 2019-20, then the provisions are not applicable.
- So, the applicability must check on yearly basis.

Silent Features of TCS

- Applicable on sale of all goods except the export of goods and goods already covered under other provisions of TCS.
- If the value or aggregate value of sales consideration exceeds Rs.50 lakhs during the year
- TCS provisions are applicable at the time of receipt of consideration

Rate Of TCS

- TCS Rate will be 0.1% if the buyers furnishes the PAN/Aadhaar(Reduced to 0.075% up to 31.03.2021)
- TCS Rate will be 1% if the buyer does not furnish the PAN/Aadhaar(Reduced to 0.75% up to 31.03.2021)

Exceptions

- If the buyer is any of the following person then TCS provisions U/S 206C(1H) are not applicable.
 - ❖ Central Government, State Government, Embassy, High Commission, Consulate and the trade representation of foreign states.
 - ❖ Local Authority
 - ❖ Person Importing Goods
 - ❖ Any other person as notified by the Government
- If the buyer is liable to deduct TDS or collect TCS under any other provisions of the Act and has deducted/collected such amount on the goods purchased by him from the seller

Goods are not covered U/S 206C(1H)

- ❖ Alcoholic Liquor for human consumption
- ❖ Tenduleaves
- ❖ Timber obtained under a forest lease
- ❖ Timber obtained by any mode other than under a forest lease
- ❖ Any other forest produce
- ❖ Scrap, Minerals, being Coal or Lignite or Iron Ore
- ❖ Motor Vehicle
- ❖ Foreign Remittance through Liberalised Remittance Scheme
- ❖ Selling of Overseas Tour Package
- ❖ Service Providers

TCS Payment and Return

- ❖ TCS Collected need to be paid within 7 days of the next month
- ❖ Every Tax Collector shall submit quarterly TCS Return, i.e.; Form 27EQ in respect of the tax collected by him in a particular quarter



THANK YOU